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RUEHAK/AMEMBASSY ANKARA PRIORITY 3580
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1398
RUEHKO/AMEMBASSY TOKYO PRIORITY 1265
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1834
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 2379
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
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SUBJECT: TURKMENISTAN: LEBAP PROVINCE DEVELOPING, BUT
LOCAL OFFICIALS STRUGGLE TO FULFILL THE PLAN

11. (U) Sensitive but unclassified. Not for public Internet

12. (SBU) SUMMARY: Government officials in Lebap Province, bordering Uzbekistan and Afghanistan, are sagging under an array of tasks they have been given to facilitate rural and economic development. Hampered by limited implementation guidance from Ashgabat, they are struggling to manage a myriad of construction projects, find additional contractors to do the work, and reopen former provincial facilities closed during former President Niyazov's years. At the same time, they are struggling to learn how to assist entrepreneurs, who want to apply for newly-available farm and business credit programs. They were aware of no initiatives on the horizon that would allow provincial governments to operate with increased autonomy. END SUMMARY.

13. (SBU) PolOff met with several deputy governors in the Lebap Provincial government to learn more about recent events, and how the president's Rural Development Program is progressing in this quiet, eastern region. Officials there pointed to the obvious signs that the president's rural development program is being realized in Turkmenabat city, including ongoing construction of a new maternity hospital, kindergarten, sports complex, Rukhiyet Palace (conference center), and a textile plant. They also mentioned construction that has begun on a highway that is to connect the Farap border crossing with Uzbekistan and the Caspian port of Turkmenbashi on the opposite side of the country.

14. (SBU) Some rural development funds are also going toward construction in a village called Batash, which was named a new administrative district. Despite the fact that the village is little more than signage on the roadway, some 320 kilometers south of Turkmenabat, construction has begun on a new district government office building, school, and roads construction, the provincial officials noted. The officials said all ongoing construction projects are good for local

employment, because construction companies use their own managers, but hire the rest of the labor locally.

15. (SBU) The provincial officials were more forthcoming in what they were willing to share than in PolOff's last session with them in October 2007. When asked about challenges they are dealing with, they indicated that the biggest problem they have right now is identifying construction companies -- foreign or domestic -- that are both able and willing to bid for the continuing flow of construction contracts with which the provincial government is grappling. They said the Rural Development Program projects come with a strict timeline for completion. However, the foreign companies that are engaged in construction in Turkmenistan have all the work they can cope with and do not want to bid on additional projects. Likewise, Turkmen companies are also too busy to take on more, which leaves provincial officials in a bind. They may not be able to meet the central government's deadlines.

16. (SBU) They also volunteered that they are spending a great deal of time and money getting a national business development initiative off the ground. After the president's decree last year guaranteeing speedy payment to farmers for their cotton, the farmers became very interested in later decrees that enabled entrepreneurs to apply for credit to expand their enterprises or engage in construction. The provincial government was totally unprepared for the resulting flood of inquiries and requests for assistance from those interested in the program.

17. (SBU) The Central Bank, Ministry of Justice, and Ministry of Finance have started to provide implementation information to the provincial government, and provincial officials recently organized a seminar to teach some 200 entrepreneurs

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how to apply for the business development credit. Provincial officials are now getting ready to provide training on how to develop a business plan, which is an integral part of the credit application process. Further, each of these training events also includes opportunities to network with local government, banking, and justice officials who play a role in the process.

18. (SBU) The officials said district libraries that had been closed during Niyazov's last year in office will soon be re-opened, and they are planning to purchase some new books for the shelves. Small district museums, likewise, are to be re-opened in the near future, they said. When PolOff asked the officials if there were any initiatives underway, directed by Ashgabat, to give the province more autonomy in its daily operations, they indicated no awareness of any programs along those lines. They had heard, however, that farmers' unions were being given more breathing room to make decisions on local farming and quality-of-life issues for residents, but they knew few details.

19. (SBU) COMMENT: Rural development is clearly underway in Lebap Province. Signs of construction are everywhere, and provincial officials are clearly on the hook to make the president's decree a reality. However, combined with other decrees and initiatives that seek to promote economic development in this quiet province, officials appear stressed by the fact that they do not have the tools, expertise, contacts, or personnel they need to ensure that these initiatives are fully implemented. It remains to be seen how they will address their needs to Ashgabat, and if Ashgabat will listen. END COMMENT.
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